



CONNECTICUT BANKERS ASSOCIATION

March 3, 2010

To: Members of the Judiciary Committee

Fr: Connecticut Bankers Association

Contacts: Tom Mongellow, Fritz Conway

**Re: SB 225 AN ACT CONCERNING THE DUTIES OF A MORTGAGEE IN A
FORECLOSURE ACTION ON RESIDENTIAL REAL PROPERTY**

Position: Oppose

For the previous two legislative sessions, the CBA has worked with the leadership of the Banks Committee, members of the Judicial Department, and consumer and fair housing advocates to create the Connecticut Foreclosure Mediation Program. This program has become a national model and many other states have, or are looking at, enactment of similar programs.

We understand the concerns that the notification provisions of the bill are seeking to address, and would be happy to work with the committee and the Judicial Department to address those concerns.

We believe SB 225's notification provisions, while well intentioned, may be a step backwards and will confuse borrowers because of two notifications to respond to in the foreclosure action – first, the State's mediation program information and second for bank contact information. This runs counter to last year's statutory revisions to the mediation program, which made it mandatory for all applicable borrowers, thus increasing the mediation program's impact across the State.

We also believe that the proposed penalty provisions, particularly a lenders potential loss of its contractual right to a foreclosure judgment or a deficiency judgment is an unfair and unnecessary negative approach that may encourage frivolous actions and clog the foreclosure docket, at a time when it is already overburdened.

The CBA worked with housing advocates and judicial officials to structure a mediation program that would put the borrower and lender together, with a trained independent mediator, to see if a resolution could be reached. The program has kept 57% of the borrowers who have gone through mediation in their homes, as reported by the Judicial Department last year. As in the past, we stand ready to continue that dialogue to address any problems with either the Mediation Program or any part of the foreclosure process.